



County of Los Angeles
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November 8, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

ENHANCED MONITORING OF LIVING WAGE CONTRACTS – FINAL REPORT

On November 9, 2004, in conjunction with approving a recommendation to terminate contracts with a custodial maintenance contractor, your Board instructed the Internal Services Department (ISD) to evaluate and improve the County's process for monitoring contracts for compliance with the Living Wage Ordinance (LWO).

On January 5, 2005, this Office in conjunction with the Living Wage Implementation Team (Team) reported back to your Board with findings and recommendations that focused on augmenting the monitoring process to achieve contractors' compliance with the provisions of the LWO. The Team includes the Office of Affirmative Action Compliance (OAAC), Auditor-Controller (A-C), County Counsel, the Department of Public Works (DPW), ISD, and this Office. An action plan delineating the specific strategies was included in our January 2005 report, and indicated that we would report back to your Board on our progress.

On April 27, 2005, this Office, with concurrence from the Living Wage Implementation Team, provided your Board a status report indicating our progress in implementing the identified strategies.

Each Supervisor
November 8, 2005
Page 2

This final report provides your Board with an update of completed actions and tasks to be finalized within the next 30 days to ensure full implementation of the LWO contract monitoring enhancements. The Living Wage Implementation Team reached consensus that enhancements to the County's Living Wage Program (LWP) were appropriate in the following areas:

- Standardizing the LWO monitoring forms and procedures
- Strengthening the contract language and solicitation requirements
- Training County contract monitors and managers
- Departmental field interviews
- LWO compliance review
- Specialty crews and less than full-time work

Standardization of LWO Monitoring Forms and Procedures

The Living Wage Implementation Team developed standardized departmental LWO monitoring forms and procedures. These included standard employee interview questionnaires and audit forms based on documents currently utilized by ISD and DPW. All new forms and procedures will be formally added to the required forms identified in the County's Living Wage Implementation Plan. The OAAC plans to issue the revised forms and procedures to all departments within the next 30 days.

On July 11, 2005 and August 23, 2005, OAAC, A-C, and DPW staff conducted training on the new forms and procedures. Approximately 90 County contract managers and staff attended the training. During development of the training, ISD shared its LWO contract monitor orientation package and slide presentation with the Team.

In addition to the above, in March 2005, OAAC issued instructions to all departments requiring them to issue letters to all of their LWO contractors reminding them of the requirement to comply with all labor laws, LWO regulations and to maintain all required payroll documentation. Most departments provided OAAC confirmation of this action.

Strengthening of Contract Language and Change in Solicitation Requirements

The Team developed new contract language expanding the scope of employee time records that contractors are required to maintain and make available for review by the County. Specifically, contractors will now be required to maintain documentation substantiating an employee's work time period including time cards, sign-in/sign-out sheets and other time records.

The Team also revised the County's contract language to clarify that contractors are required to pay the Living Wage rate to their employees traveling between County facilities during their scheduled work shift. The language specifies that this requirement applies even if two different County contracts are involved.

In addition, the Living Wage Implementation Team also revised the current LWO solicitation language to conform to the proposed contract language. The revised language requires contractors to submit their written labor/payroll record keeping procedures and describe their payroll controls. ISD successfully piloted the revised language in their recent custodial services and landscape services solicitations.

The Internal Services Department will add the new language to the standard LWP solicitation and contract provisions and the County's Living Wage manual. Departments will be required to include the new requirements for solicitations/contracts subject to the LWO as follows:

- All new solicitations and contracts;
- All contract extensions, including options for additional terms; and
- All other material amendments to existing contracts, particularly where increased compensation is involved.

However, for existing contracts or in circumstances where an amendment is of technical or nominal nature and no additional compensation is provided, departments are strongly urged to seek incorporation of the language, but ultimately must obtain agreement from the contractor to do so. The revised solicitation and contract language will be issued to departments via a Living Wage Bulletin within the next two weeks.

Training

As described previously, in July and August 2005, OAAC, A-C and DPW staff provided training to approximately 90 County contract monitoring staff. In addition, OAAC staff have provided ongoing LWO technical support to County departments to further enhance the departments' LWO monitoring capabilities.

Departmental Field Interviews

In April 2005, departments were instructed by OAAC to reissue the LWP employee handout to all LWO contractors for distribution to their employees. The departments have complied with this request.

The Office of Affirmative Action Compliance recently conducted an assessment of all County departments' efforts to conduct annual interviews of LWO contractor employees as required by the Living Wage Implementation Plan. In their assessment, OAAC noted that 65 percent of the County departments conducted the appropriate number of annual interviews of LWO contractor employees. However, due to limited resources, the remaining County departments were unable to conduct the required interviews.

LWO Compliance Review

County departments must now perform an annual compliance review to validate the accuracy of payroll reports that contractors submit to the County. Departmental staff should review payroll records and utilize the "Onsite Administrative Compliance Review Report" form when performing the review and, when deficiencies are identified, staff should use the "Contract Compliance Site Audit – Request for Corrective Action" form.

In addition, OAAC conducted reviews of all County departments' compliance with the Living Wage Implementation Plan monitoring requirements. Since January 2005, OAAC completed compliance reviews for 18 of 20 (90 percent) departments. OAAC noted that 13 of the 20 (65 percent) departments effectively monitored their Living Wage contractors. For the remaining seven departments, it was noted that the departments did not always conduct annual interviews of contractor employees, nor effectively review the monthly payroll reports submitted by contractors. OAAC will continue to train and provide technical assistance to these departments to insure an understanding of the required monitoring procedure, and will closely monitor the departments' progress in these respective areas. OAAC will provide each department with a report on the results of these reviews. OAAC will report a summary of their compliance reviews in their Living Wage Annual Report that OAAC plans to issue by November 15, 2005.

Each Supervisor
November 8, 2005
Page 5

Specialty Crews and Less than Full-time Work

Specialty crews are comprised of workers that work on an "as-needed" basis at both County and non-County buildings. The Team has finalized contract language that addresses the County's need to have access to all employee payroll records, including those related to non-County contracts. This information is needed to validate an employee's full-time status and to ensure the contractor is appropriately compensating the employee for overtime and travel time.

As previously mentioned, this Office and ISD will issue the new contract and solicitation language to County departments within the next two weeks. In addition, OAAC plans to issue the new monitoring forms and procedures to County departments within the next 30 days.

If you have any questions, please let me know, or your staff can contact Vincent Amerson of this Office at (213) 974-1168 or at vamerson@cao.co.la.ca.us.

DEJ: MKZ
VLA:os

c: All Department Heads